

Inco eyes \$750-M investment

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By Larry Kusch

CVRD Inco Ltd. is eyeing a \$750-million investment in its Thompson operations that would boost nickel production by more than 30 per cent in the next five to 10 years.

A company official Thursday refused to confirm an investment figure, saying the Thompson location's business plan has yet to be approved by the company's head office.

But in a recent power-point presentation to the Winnipeg Construction Association, a copy of which was obtained by the *Free Press*, CVRD Inco says it is looking for construction companies to "successfully execute the planned work," which it estimated at \$750 million over the next five years. At least half the proposed capital expenditure would occur in the first two years.

If the five-year plan proceeds, it would exceed the cost of the Winnipeg floodway expansion project, which is pegged at \$665 million.

Brazilian-based mining company Companhia Vale do Rio Doce (CVRD) purchased Inco Ltd. last year for \$17 billion, renaming it CVRD Inco. The Thompson operation is a fully integrated mining complex that includes two mines, a smelter, a mill and a refinery.

While he would not put a dollar figure on the company's investment plans, David Markham, CVRD Inco's manager of public and government affairs, said the Thompson operation is advancing a business plan to secure its future until 2027 "and hopefully a lot further beyond that." Previously, Inco had projected another 15 years of operating life for its Thompson mines.

Markham also confirmed the company hopes to boost nickel production to 150 million pounds a year from the current 110 million pounds. And he said the company's expansion plans would see it employ an additional 100 people over the next several years, bringing its Thompson-area workforce to about 1,700.

He said in addition to plant upgrades, there is "potential new mine development within our existing ore bodies."

Thompson Mayor Tim Johnston could not be reached for comment on Thursday.

Johnston was in Winnipeg leading a local delegation that was knocking on home builders' and developers' doors asking them to add Thompson to their list of development prospects.

Johnston estimates the city -- Manitoba's third largest -- needs about 400 new housing units to keep up with a regional mini-boom fuelled by mining and hydro development.

A spokesman for the United Steelworkers of America Local 6166, which represents mine workers in Thompson, said he was aware plant upgrades were being considered, but he had not heard how much the company had intended to invest.

Ron Hambley, executive vice-president of the Winnipeg Construction Association, said CVRD Inco has already started to tender some sizable chunks of work, including a refinery upgrade that's "in the \$15 million range."

He said the company made its presentation to association members to try to ensure it could attract competitive bids amidst a North American construction boom.

Manitoba Hydro recently confirmed it failed to secure one qualifying bid when it tendered a substantial amount of its \$1.3-billion Wuskwatim hydro dam construction project this past summer. It has since said it may have to rethink its construction timetable for the project.

Hambley said a challenge for any companies bidding on the Thompson work would be finding suitable accommodations for construction crews.

Markham said a shortage of permanent housing is also a big challenge facing the company and the community.

"The most acute need for us to be able to sustain our operations is the construction of new family housing similar to what is in great demand in the city of Winnipeg," he said, adding CVRD Inco has added 300 new positions in Thompson in the last four years and hired 1,000 overall as it also replaced retiring employees.

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